



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
OFFICE OF THE STATE BUDGET
LANSING

ROBERT L. EMERSON
DIRECTOR

March 12, 2007

The Honorable Ron Jelinek, Chair
Senate Appropriations Committee
Michigan State Senate
State Capitol
Lansing, Michigan 48901

House Appropriations, Chair
George Cushingberry, Speaker of the House
Michigan House of Representatives
State Capitol
Lansing, Michigan 48901

Dear Legislators:

Attached are the monthly financial reports for the months ending December 31, 2006 and January 31, 2007. These reports are submitted pursuant to MCL 18.1386. These reports can also be found on the Internet at the following address:

www.michigan.gov/budget under "Financial Reports."

If you have questions concerning the information in this report, please contact this office.

Sincerely,

A handwritten signature in purple ink that reads "Robert L. Emerson".

Robert L. Emerson
State Budget Director

Attachment

cc: List attached

cc: Governor Jennifer Granholm
Mike Bishop, Senate Majority Leader
Andy Dillon, Speaker of the House
Mark Schauer, Senate Minority Leader
Craig DeRoche, House Minority Leader
Senate Appropriations Committee
House Appropriations Committee
Nancy Cassis, Chair, Senate
Finance Committee

Chair, House Tax Policy Committee
Mary A. Lannoye, Executive Office
Tim Hughes, Executive Office
Senate Fiscal Agency
House Fiscal Agency
Mike Moody, Financial Management
Nancy Duncan, Deputy Director
State Budget Office
Internal Office of the State Budget
Distribution

MONTHLY FINANCIAL REPORT

FOR

JANUARY 31, 2007

GENERAL FUND, GENERAL PURPOSE
Fiscal Year 2007
Projected Revenues and Expenditures
January 31, 2007
(\$ in millions)

	FISCAL 2007
Beginning Balance, October 1, 2006	\$ 5.7
Revenues, Current Law:	
Current Year GF/GP Revenues, January 2007 Consensus Estimate	\$ 8,230.0
Adjustments to Consensus Baseline:	
Additional Revenue Adjustments:	
Revenue Sharing Freeze (PA 437 of 2006 and January 2007 Consensus)	\$ 360.0
Suspend County Revenue Sharing (PA 356 and 357 of 2004)	\$ 198.0
Charge School Aid Fund for Short Term Borrowing Costs	\$ 22.8
Liquor Purchase Revolving Fund Revenue Deposit to GF	\$ 4.0
Consumer Finance Fee Revenue Deposit to GF	\$ 7.0
Forensic Center Settlement	\$ 7.8
Subtotal Additional Revenue Adjustments	\$ 599.6
Anticipated Revenue Adjustments:	
Land Sales (including PA 179 of 2006)	\$ 46.9
Liquor License/Penalties	\$ 3.5
Subtotal Anticipated Revenue Adjustments	\$ 50.4
Total FY Resources Available For Expenditure GF/GP	8,885.7
Expenditures, Current Law:	
Enacted Post Vetoes	\$ 9,222.8
Total Expenditures Projected	\$ 9,222.8
Projected Ending Balance, September 30, 2007	\$ (337.1) ¹

¹ Subsequent to the date of this report, on February 6, 2007, the Governor presented a comprehensive proposal to address the projected 2007 general fund shortfall. On February 14, 2007, a portion of that proposal, Executive Order 2007-1, was rejected by the Senate Appropriations Committee. The Governor will work with the Legislature to develop solutions to address the projected general fund shortfall.

OFFICIAL BALANCE SHEET

SCHOOL AID FUND Fiscal Year 2007 Projected Revenues and Expenditures January 31, 2007 (\$ in millions)

	FISCAL 2007
Beginning Balance, October 1, 2006	0.0
Current Year School Aid Fund Revenues, January 2007 Consensus	\$ 11,230.0
General Fund Subsidy	\$ 35.0
Federal Aid	\$ 1,411.2
Total Available SAF Resources	\$ 12,676.2
Expenditures	
Enacted Appropriations PA 155 of 2005	\$ 13,093.7
Revised cost estimates	\$ (65.0)
Midland property tax cases	\$ 24.8
Adjusted Appropriations	\$ 13,053.5
Projected School Aid Fund Ending Balance September 30, 2007	\$ (377.3)

¹ Subsequent to the date of this report, on February 8, 2007, the Governor presented a comprehensive proposal to address the projected 2007 School Aid Fund shortfall. The Governor will work with the Legislature to enact solutions to address the projected School Aid Fund shortfall.

SUMMARY OF EXPENDITURES AND ENCUMBRANCES

GENERAL FUND GROSS

January 31, 2007

(\$ IN MILLIONS)

FISCAL YEAR 2005-06

FISCAL YEAR 2006-07

January 2006	Yr-to-date 2005-06	Fiscal Yr end SEP 30, 2006	DEPARTMENT	Initial Approp	Exec. Orders and Supplem. Approp.*	Exp & Enc January 2007	Exp & Enc Yr-to-date 2006-07
7.2	30.3	85.3	Agriculture	113.6	-0-	5.9	34.5
4.7	19.0	60.0	Attorney General	67.6	0.5	4.8	20.0
1.2	4.6	16.1	Auditor General	16.3	-0-	1.3	4.9
-0-	4.3	14.8	Capital Outlay**	237.8	-0-	17.9	90.2
1.1	4.0	13.4	Civil Rights	14.0	-0-	1.1	4.1
1.9	7.2	27.3	Civil Service	36.5	-0-	1.9	7.5
184.6	704.0	1,858.2	Colleges & Universities	1,924.6	-0-	169.5	709.5
834.9	3,085.0	9,518.5	Community Health	11,020.4	1.2	332.3	3,324.8
148.5	579.1	1,800.6	Corrections	1,921.1	-0-	159.2	617.5
4.3	28.8	65.2	Education	90.6	-0-	0.3	14.8
15.7	59.1	174.6	Environmental Quality	333.7	-0-	14.8	61.7
0.4	1.7	5.3	Executive Office	5.5	-0-	0.5	1.7
4.0	14.0	49.6	History, Arts & Library	54.9	-0-	4.0	15.3
411.2	1,339.6	4,148.3	Human Services	4,463.6	-0-	443.5	1,458.4
-0-	-0-	-0-	Information Technology	-0-	-0-	-0-	-0-
26.4	66.5	205.7	Judiciary	259.4	-0-	32.8	68.5
61.9	198.7	718.8	Labor & Economic Growth	856.3	29.8	73.8	212.2
10.0	38.6	121.0	Legislature	116.6	-0-	11.1	41.5
12.9	53.1	161.5	Management & Budget	175.1	1.9	12.0	56.3
6.7	14.2	32.9	Michigan Strategic Fund	32.0	-0-	6.9 *	14.5
9.0	38.8	109.3	Military Affairs	116.4	-0-	10.0	39.0
5.6	30.7	77.6	Natural Resources	101.4	-0-	4.5	24.4
-0-	-0-	-0-	School Aid	-0-	-0-	-0-	-0-
16.1	74.3	257.3	State	204.8	-0-	16.1	70.5
41.0	140.7	464.0	State Police	569.3	0.2	31.0	117.1
-0-	-0-	-0-	Transportation	-0-	-0-	-0-	-0-
92.8	677.0	3,101.8	Treasury	1,530.9	59.3	23.1	543.7
\$1,902.1	\$7,213.3	\$23,087.1		\$24,262.3	\$92.9	\$1,378.3	\$7,552.6

*Includes boilerplate appropriations.

**Includes State Building Authority appropriated in Management and Budget.

ESTIMATED BALANCE OF STATE PAYMENTS TO LOCAL UNITS OF GOVERNMENT

Fiscal Year 2007

January, 2007

(\$ IN MILLIONS)

	INITIAL APPROPRIATIONS	EXEC. ORDER and SUPPLEMENTALS	TOTAL APPROPRIATIONS YEAR-TO-DATE
Payments to local units of government	16,162.3	0.0	16,162.3
Total state spending from state resources	28,024.2	0.0	28,024.2
Percentage of state spending from state resources paid to local units	57.67%		57.67%
Required payments to local units (48.97%)	13,723.5		13,723.5
Surplus/(deficit)	\$2,438.8		\$2,438.8

STATE OF MICHIGAN
YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES
COUNTER - CYCLICAL BUDGET AND ECONOMIC STABILIZATION FUND
OCTOBER 1, 2006 THROUGH JANUARY 31, 2007
(in thousands)

REVENUES

Taxes	\$ -
From federal agencies	-
Miscellaneous	<u>22</u>
Total Revenues	<u>22</u>

EXPENDITURES

Current:	
General government	-
Education	-
Family Independence services	-
Public safety and corrections	<u>-</u>
Total Expenditures	<u>-</u>
Excess of Revenues over (under)	
Expenditures	<u>22</u>

OTHER FINANCING SOURCES (USES)

Proceeds from Bond Issues	-
Operating transfers from:	
State Lottery Fund	-
Other funds	<u>-</u>
Total operating transfers from other funds	-
Operating transfers to other funds	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>
Excess of Revenues and Other	
Sources over (under) Expenditures	
and Other Uses	<u>\$ 22 ¹</u>

¹ Balance does not reflect closing adjustments such as accounts receivable, accounts payable, etc.

STATE OF MICHIGAN
YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENSES
MICHIGAN STRATEGIC FUND
OCTOBER 1, 2006 THROUGH JANUARY 31, 2007
(in thousands)

OPERATING REVENUES

Operating revenues	\$ -
Interest income	-
Investment revenue (net)	-
Miscellaneous:	
Federal revenues	-
Financing fees	1,258
Other	-
Total miscellaneous	<u>1,258</u>
Total Operating Revenues	<u>1,258</u>

OPERATING EXPENSES

Salaries, wages, and other administrative	-
Interest expense	-
Depreciation	-
Purchases for resale	-
Other operating expenses:	
Loan loss expense	-
Tuition benefit expense	-
Amortization of deferred issue costs	-
Miscellaneous	985
Total other operating expenses	<u>985</u>
Total Operating Expenses	<u>985</u>
Operating Income (Loss)	<u>274</u>

NONOPERATING REVENUES (EXPENSES)

Federal grant revenue	-
Interest revenue	-
Other nonoperating revenues:	
Tribal gaming revenue	-
Other nonoperating revenue	-
Total other nonoperating revenues	<u>-</u>
Nonoperating grants	-
Interest expense	-
Other nonoperating expense	-
Total Nonoperating Revenues (Expenses)	<u>-</u>
Income (Loss) Before Operating Transfers	<u>274</u>

OPERATING TRANSFERS

Operating transfers from primary government	-
Operating transfers to primary government	-
Total Operating Transfers In (Out)	<u>-</u>
Net Income (Loss)	<u>\$ 274 ¹</u>

¹ Balance does not reflect closing adjustments such as accounts receivable, accounts payable, etc.

STATE OF MICHIGAN
YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES
MICHIGAN NATURAL RESOURCES TRUST FUND
OCTOBER 1, 2006 THROUGH DECEMBER 31, 2006
(in thousands)

REVENUES

Taxes	\$ -
From federal agencies	-
From licenses and permits	-
Miscellaneous	<u>26,261</u>
Total Revenues	<u>26,261</u>

EXPENDITURES

Current:	
General government	-
Conservation, environment, recreation, and agriculture	795
Capital outlay	<u>2,383</u>
Total Expenditures	<u>3,178</u>
Excess of Revenues over (under) Expenditures	<u>23,082</u>

OTHER FINANCING SOURCES (USES)

Proceeds from sale of capital assets	7
Proceeds from bond issues	-
Operating transfers from other funds	-
Operating transfers to other funds	<u>-</u>
Total Other Financing Sources (Uses)	<u>7</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	<u>\$ 23,090 ¹</u>

¹ Balance does not reflect closing adjustments such as accounts receivable, accounts payable, etc.

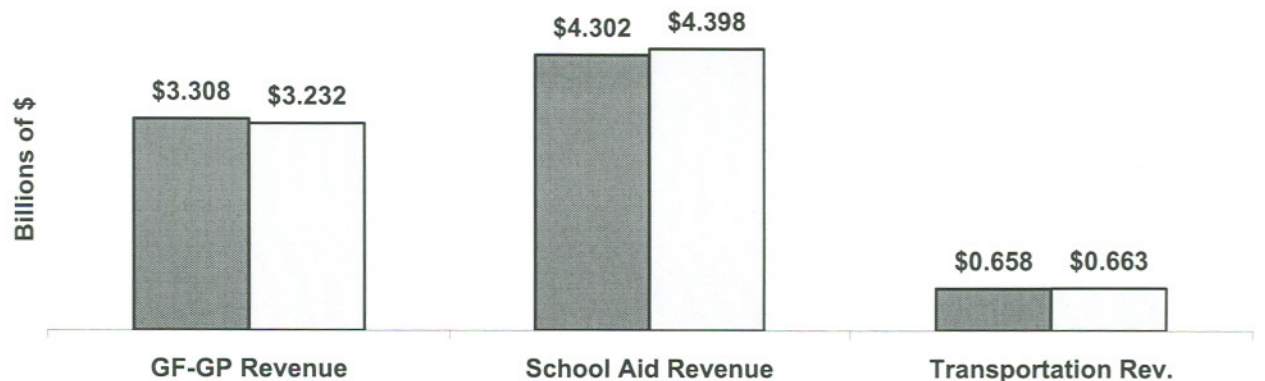
REVENUE OVERVIEW
Economic and Revenue Forecasting Division
Michigan Department of Treasury

This Monthly Financial Report to the Legislature presents the Michigan State government's economic situation and cash collections for January 2007, representing some December and some January economic activity in Michigan.

Total General Fund - General Purpose cash collections were \$3.5 million (0.3 percent) higher in January 2007 than in January 2006. January School Aid Fund cash collections were \$12.5 million (1.4 percent) lower than in January 2006. January transportation collections were \$0.3 million (0.2 percent) higher than in January 2006 (see revenue table). January is the fourth month of the state's fiscal year. Year-to-date collection totals generally provide a more accurate view of collections, since they are less affected by the timing of payments. Year-to-date General Fund - General Purpose cash collections are down \$76.1 million (2.3 percent) from a year ago. School Aid Fund cash collections are up \$95.2 million (2.2 percent), and transportation collections are up \$5.3 million (0.8 percent).

The FY 2006-2007 revenue projections presented in the revenue table on page 10 are from the Consensus Revenue Estimating Conference held on January 18, 2007. The Consensus estimate for net General Fund - General Purpose revenue for FY 2006-2007 is \$8,230.0 million and the net School Aid revenue forecast is \$11,230.0 million. The Transportation Funds revenue forecast is \$2,227.1 million. The revenue projections for each tax are shown after all tax adjustments. The next regularly scheduled revenue conference will be held in May 2007.

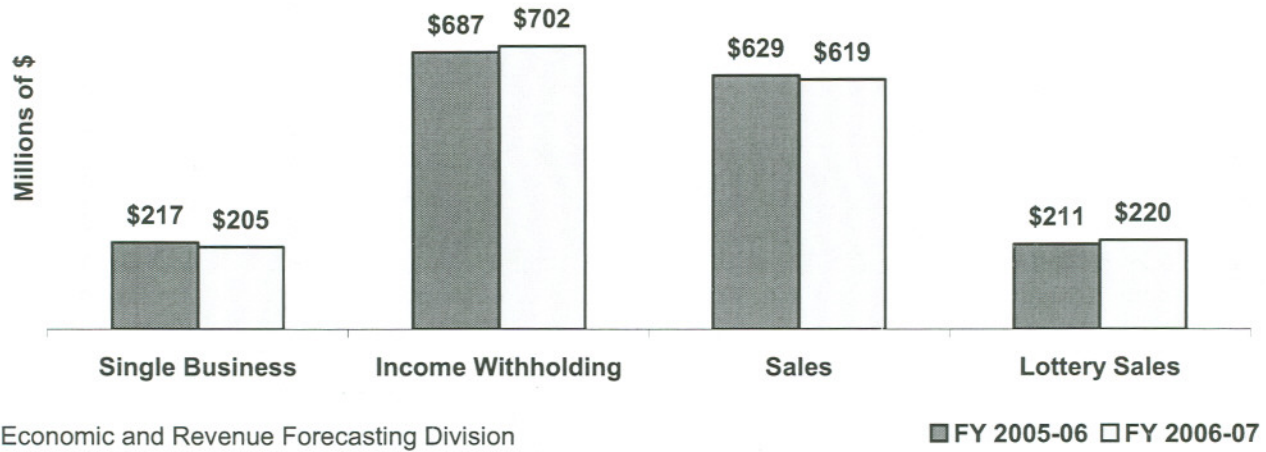
October through January Collections
Fiscal Years 2005-06 and 2006-07



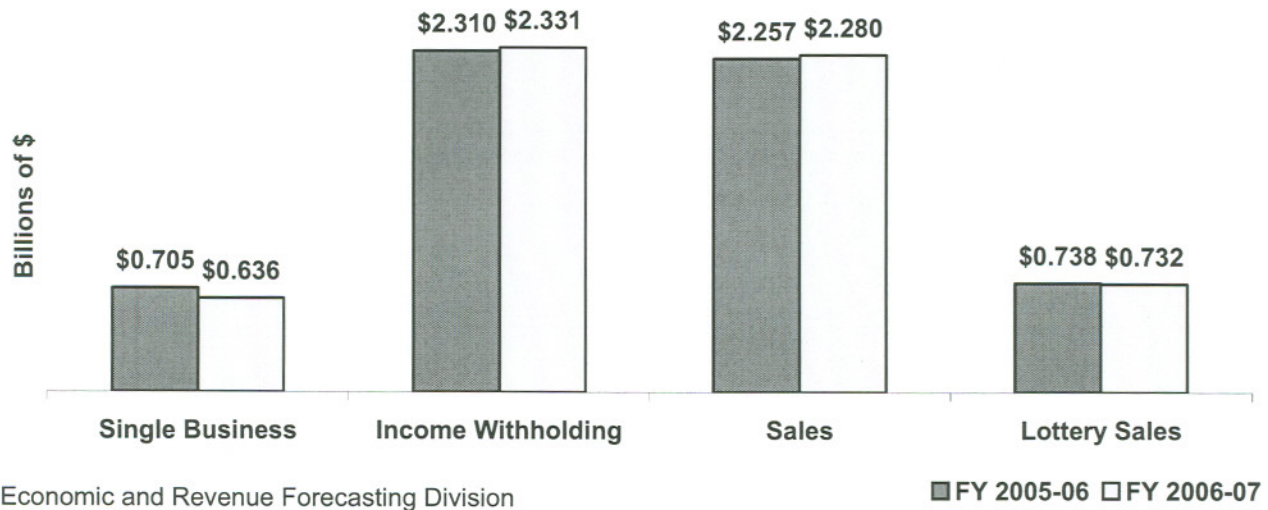
Economic and Revenue Forecasting Division

■ FY 2005-06 □ FY 2006-07

January Revenue Collections Fiscal Years 2005-06 and 2006-07



October through January Collections Fiscal Years 2005-06 and 2006-07



Revenue Summary 2006-07
General Fund-General Purpose, School Aid, and Transportation Funds
(in thousands)

For The Month Ended: January 31, 2007

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MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH JANUARY CASH COLLECTIONS DATA					REVENUE PROJECTIONS		
January		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		2005-2006	2006-2007	2006-2007
2006	2007	Amount	Percent		2005-06	2006-07	Amount	Percent	Prelim. Totals	Statutory Estimate	Jan 2007 Consensus
Income Taxes											
\$687,432	\$701,911	\$14,479	2.1%	Withholding	\$2,309,828	\$2,331,342	\$21,515	0.9%	\$6,423,100	\$6,670,000	\$6,453,600
188,869	198,740	9,871	5.2%	Quarterlies	277,244	278,987	1,743	0.6%	727,000	754,000	759,600
16,179	10,391	(5,788)	-35.8%	Annuals	56,076	61,280	5,204	9.3%	699,800	719,900	724,600
892,479	911,042	18,562	2.1%	Gross Collections	2,643,147	2,671,609	28,462	1.1%	\$7,849,900	\$8,143,900	\$7,937,800
56,135	62,806	6,671	11.9%	Less: Refunds	125,474	150,627	25,153	20.0%	1,626,000	1,758,000	1,695,700
0	0	0	na	State Campaign Fund	0	0	0	na	1,300	1,500	1,500
836,344	848,235	11,891	1.4%	Net Personal Income	2,517,673	2,520,982	3,309	0.1%	\$6,222,600	\$6,384,400	\$6,240,600
232,045	236,871	4,826	2.1%	Less: Disbursements to SAF	687,218	694,618	7,400	1.1%	\$2,038,900	\$2,113,200	\$2,059,700
\$604,299	\$611,364	\$7,065	1.2%	NET PERSONAL INCOME TO GF-GP	\$1,830,455	\$1,826,364	(\$4,091)	-0.2%	\$4,183,700	\$4,271,200	\$4,180,900
Consumption Taxes											
\$9,467	\$8,519	(\$949)	-10.0%	Sales (a)	\$32,010	\$28,497	(\$3,513)	-11.0%	\$85,900	\$113,300	\$104,500
74,780	89,472	14,693	19.6%	Use	299,120	322,759	23,638	7.9%	917,000	978,400	943,000
19,334	17,455	(1,879)	-9.7%	Tobacco	78,103	74,821	(3,282)	-4.2%	229,000	231,400	229,000
2,569	3,593	1,023	39.8%	Beer, Wine & Mixed Spirits	14,506	15,527	1,021	7.0%	51,200	52,000	51,700
4,191	3,555	(636)	-15.2%	Liquor Specific	9,836	10,224	388	3.9%	34,900	34,500	35,300
\$110,341	\$122,594	\$12,252	11.1%	TOTAL CONSUMPTION TAXES	\$433,575	\$451,828	\$18,253	4.2%	\$1,318,000	\$1,409,600	\$1,363,500
Other Taxes											
\$216,822	\$204,874	(\$11,947)	-5.5%	Single Business	\$704,980	\$636,027	(\$68,953)	-9.8%	\$1,841,900	\$1,885,900	\$1,870,300
31,283	30,562	(721)	-2.3%	Insurance Premiums Taxes	88,145	87,410	(736)	-0.8%	219,500	246,000	226,100
248,105	235,436	(12,668)	-5.1%	Sub-total SBT & Insurance	793,125	723,437	(69,688)	-8.8%	2,061,400	2,131,900	2,096,400
(454)	64	519	na	Inheritance / Estate	58	257	199	341.0%	600	0	0
3	0	(3)	-100.0%	Telephone & Telegraph	46,435	39,803	(6,632)	-14.3%	83,500	80,000	78,000
8,486	7,568	(917)	-10.8%	Oil & Gas Severance	33,791	22,080	(11,711)	-34.7%	81,500	76,000	66,000
3,652	4,287	635	17.4%	Casino Wagering	14,687	15,736	1,049	7.1%	45,000	45,000	47,100
12,540	17,548	5,008	39.9%	Penalties & Interest	44,482	46,732	2,250	5.1%	140,400	153,400	148,200
(10)	(6)	3	-34.1%	Miscellaneous Other/Railroad	128	21	(108)	-83.9%	3,100	0	0
(7,667)	(9,000)	(1,333)	17.4%	Treasury Enforcement Programs (f)	(30,667)	(32,000)	(1,333)	4.3%	(101,000)	(92,000)	(108,000)
\$264,655	\$255,897	(\$8,758)	-3.3%	TOTAL OTHER TAXES	\$902,039	\$816,066	(\$85,973)	-9.5%	\$2,314,500	\$2,394,300	\$2,327,700
\$979,295	\$989,855	\$10,560	1.1%	SUBTOTAL GF-GP TAXES	\$3,166,069	\$3,094,258	(\$71,812)	-2.3%	\$7,816,100	\$8,075,200	\$7,872,100

continued

Revenue Summary 2006-07
General Fund-General Purpose, School Aid, and Transportation Funds
(in thousands)

For The Month Ended: January 31, 2007

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH JANUARY CASH COLLECTIONS DATA						REVENUE PROJECTIONS		
January		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		2005-2006	2006-2007	2006-2007	
2006	2007	Amount	Percent		2005-06	2006-07	Amount	Percent	Prelim. Totals	Statutory Estimate	Jan 2007 Consensus	
Non-Tax Revenue (f)												
\$2,917	\$1,917	(\$1,000)	-34.3%	Federal Aid	\$11,667	\$10,667	(\$1,000)	-8.6%	\$20,000	\$35,000	\$23,000	
167	83	(83)	-50.0%	Local Agencies	667	583	(83)	-12.5%	200	2,000	1,000	
1,500	675	(825)	-55.0%	Services	6,000	5,175	(825)	-13.8%	8,100	18,000	8,100	
2,833	2,067	(767)	-27.1%	Licenses & Permits	11,333	10,567	(767)	-6.8%	50,600	34,000	24,800	
213	(5,123)	(5,336)	na	Investments/Interest Costs	213	(5,123)	(5,336)	na	(58,100)	(75,000)	(45,500)	
12,050	11,375	(675)	-5.6%	Misc. Non-tax Revenue	48,200	49,800	1,600	3.3%	157,700	153,700	136,500	
11,667	12,667	1,000	8.6%	Liquor Purchase Revolving Fund	46,667	48,167	1,500	3.2%	148,500	142,000	152,000	
4,208	4,833	625	14.9%	From Other Funds-Lottery & Escheats	16,833	17,458	625	3.7%	123,600	50,500	58,000	
\$35,555	\$28,494	(\$7,061)	-19.9%	TOTAL NON-TAX REVENUE	\$141,580	\$137,294	(\$4,286)	-3.0%	\$450,600	\$360,200	\$357,900	
\$1,014,850	\$1,018,349	\$3,498	0.3%	TOTAL GF-GP REVENUE	\$3,307,649	\$3,231,552	(\$76,098)	-2.3%	\$8,266,700	\$8,435,400	\$8,230,000	
School Aid Fund												
\$254,202	\$252,331	(\$1,871)	-0.7%	Sales Tax 4%	\$921,784	\$931,040	\$9,255	1.0%	2,710,300	2,838,100	2,747,400	
205,401	198,335	(7,066)	-3.4%	Sales Tax 2%	720,661	728,266	7,605	1.1%	2,121,000	2,228,600	2,153,100	
37,390	44,736	7,346	19.6%	Use Tax 2%	149,560	161,379	11,819	7.9%	458,900	489,200	471,500	
32,638	17,794	(14,843)	-45.5%	State Education Property Tax	1,266,131	1,355,717	89,586	7.1%	2,003,500	2,116,000	2,094,500	
25,814	20,017	(5,797)	-22.5%	Real Estate Transfer Tax	111,708	79,639	(32,069)	-28.7%	297,700	311,000	244,200	
55,000	60,000	5,000	9.1%	Lottery Transfer (b)	185,579	193,017	7,438	4.0%	688,000	712,000	702,000	
8,452	9,921	1,469	17.4%	Casino Wagering Tax	33,989	36,417	2,428	7.1%	104,100	104,100	109,100	
4,176	3,496	(680)	-16.3%	Liquor Excise Tax	9,767	10,043	276	2.8%	34,500	34,500	35,300	
39,348	35,436	(3,912)	-9.9%	Cigarette/Tobacco Tax	158,953	151,898	(7,055)	-4.4%	472,200	463,800	459,100	
4,594	7,597	3,003	65.4%	Indus. & Comm. Facilities Taxes	52,494	52,377	(117)	-0.2%	135,600	128,000	137,000	
958	963	5	0.5%	Specific Other	4,516	3,186	(1,331)	-29.5%	17,300	14,100	17,100	
232,045	236,871	4,826	2.1%	Income Tax Earmarking	687,218	694,618	7,400	1.1%	\$2,038,900	\$2,113,200	\$2,059,700	
\$900,016	\$887,496	(\$12,520)	-1.4%	TOTAL SCHOOL AID FUND	\$4,302,362	\$4,397,598	\$95,236	2.2%	\$11,082,100	\$11,552,400	\$11,230,000	
\$629,072	\$618,887	(\$10,185)	-1.6%	SALES TAX 6%	\$2,256,968	\$2,279,999	\$23,031	1.0%	\$6,638,100	\$6,958,700	\$6,732,300	
423,671	420,552	(3,119)	-0.7%	SALES TAX 4%(d)	1,536,307	1,551,733	15,426	1.0%	4,517,100	4,730,100	4,579,200	
205,401	198,335	(7,066)	-3.4%	SALES TAX 2%	720,661	728,266	7,605	1.1%	2,121,000	2,228,600	2,153,100	
112,169	134,208	22,039	19.6%	USE TAX 6%	448,681	484,138	35,457	7.9%	1,375,900	1,467,600	1,414,500	
12,626	14,820	2,194	17.4%	CASINO WAGERING TAX	50,774	54,401	3,627	7.1%	155,500	155,500	163,000	
97,156	87,714	(9,442)	-9.7%	TOBACCO TAXES	392,477	375,986	(16,492)	-4.2%	1,169,000	1,158,900	1,147,000	
0	0	0	na	TOBACCO SETTLEMENT	3,116	2,335	(780)	-25.0%	na	na	na	
0	0	0	na	CIGARETTE INVENTORY TAX	0	0	0	na	na	na	na	

continued

Revenue Summary 2006-07
General Fund-General Purpose, School Aid, and Transportation Funds
(in thousands)

For The Month Ended: January 31, 2007

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH JANUARY CASH COLLECTIONS DATA						REVENUE PROJECTIONS			
January		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		2005-2006	2006-2007	2006-2007		
2006	2007	Amount	Percent		2005-06	2006-07	Amount	Percent	Prelim.	Statutory	Jan 2007		
Totals											Estimate	Consensus	
Major Transportation Revenues													
\$13,570	\$12,137	(\$1,434)	-10.6%	Diesel Fuel / Motor Carrier Fuel Tax (g)	\$52,843	\$49,633	(\$3,210)	-6.1%	\$148,557	\$156,000	\$152,500		
77,227	73,087	(4,139)	-5.4%	Gasoline	303,385	294,038	(9,346)	-3.1%	906,221	928,000	907,000		
83,235	86,025	2,791	3.4%	Motor Vehicle Registration	265,266	273,262	7,996	3.0%	867,663	927,000	880,000		
3,642	4,302	660	18.1%	Other Taxes, Fees & Misc.	13,555	13,612	58	0.4%	191,695	204,722	192,521		
5,654	8,105	2,451	43.4%	Comprehensive Transportation (c)	22,617	32,422	9,805	43.4%	68,269	97,265	95,117		
\$183,328	\$183,657	\$329	0.2%	TOTAL MAJOR TRANS. REVENUES	\$657,666	\$662,968	\$5,302	0.8%	\$2,182,405	\$2,312,987	\$2,227,139		
Lottery Sales By Games													
71,447	69,237	(2,210)	-3.1%	Instant Games	243,339	240,185	(3,153)	-1.3%	na	na	na		
68,002	68,570	569	0.8%	Daily Games	231,500	233,920	2,420	1.0%	na	na	na		
23,397	27,813	4,416	18.9%	Lotto and Big Game	106,990	82,326	(24,664)	-23.1%	na	na	na		
1,434	1,360	(74)	-5.2%	Keno Game	4,812	4,712	(100)	-2.1%	na	na	na		
0	0	0	na	Changeplay Game	0	0	0	na	na	na	na		
46,866	53,478	6,611	14.1%	Club Games	150,869	170,935	20,067	13.3%	na	na	na		
\$211,146	\$220,457	\$9,311	4.4%	TOTAL LOTTERY SALES	\$737,510	\$732,078	(\$5,432)	-0.7%	na	na	na		

a GF-GP Sales has been estimated based on CTF and Health Initiative shares.

b The statutory estimate does not include an estimate of lottery sales. It only includes an estimate of the SAF transfer. The transfers shown are actual transfers from Lottery to SAF.

c The CTF distributions have been estimated (includes sales tax transfer and other miscellaneous revenues dedicated to the CTF).

d 2% collections adjusted to reflect exemption on residential utilities.

e Official CAFR figures are adjusted to put them on a comparable basis with Consensus Estimates.

f Non-tax revenue items other than interest are estimates.

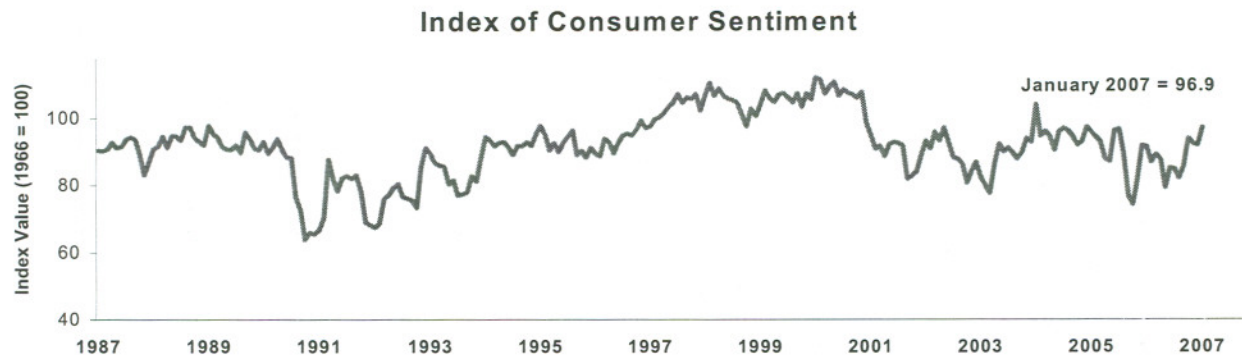
g Starting in January 2005, totals include revenue from the Motor Carrier Fuel Tax. Prior year totals have been adjusted to also include the Motor Carrier Fuel Tax.

Source: Michigan Department of Treasury, Economic and Revenue Forecasting Division, based on reports from the Office of Financial Management, Michigan Department of Management and Budget, and other reports from the Michigan Department of Treasury.

Economic Highlights

(All data seasonally adjusted unless otherwise noted.)

U. S. Economy



Source: University of Michigan, Survey Research Center

The **Index of Consumer Sentiment** was 96.9 in January, 5.2 index-points above the December value and 5.7 index-points above January 2006. On the big increase in confidence from last month, Survey director Richard Curtin reported, "The fall in gas prices improved consumers' financial position and prompted more consumers to anticipate robust growth in the national economy. A stronger economy generated more favorable employment prospects, and consumers anticipated higher wage gains during the year ahead." Curtin observed, "Most of the recent gains were concentrated among households with incomes above \$50,000; it will take some time to restore the financial balance among lower income households." On the housing industry, Curtin noted, "Home buying plans improved, although they still remain at relatively low levels. More importantly, while consumers sense that the worst of the declines in home prices may be over, few expect the recovery to begin anytime soon" In January, consumers in all four regions reported an increase in confidence. Midwestern consumers reported the largest increase in confidence of 11.7 index-points followed by Western consumers with a 5.0 index-point increase. The gap across regions decreased from last month to 5.8 index-points, with Southern consumers on top and Northeastern consumers on the bottom.

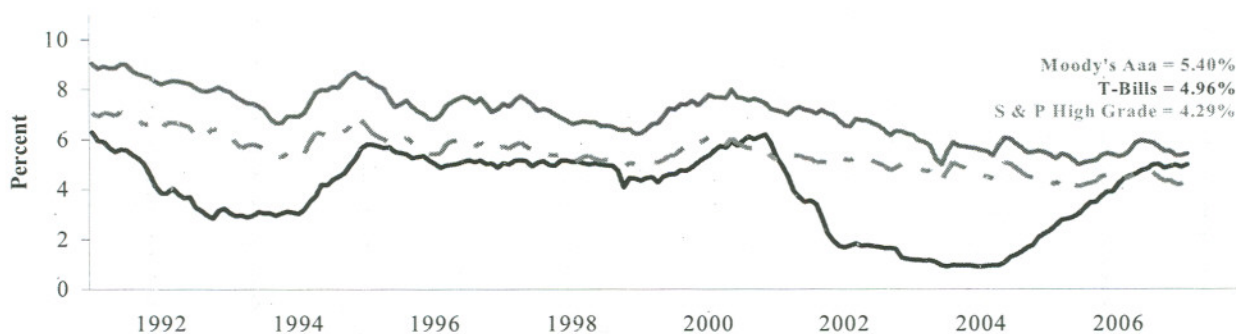
The advance estimate of real **Gross Domestic Product** for the fourth quarter of 2006 is \$11,541.6 billion (chained 2000 dollars), an increase of 3.5 percent at an annual rate. In the third quarter of 2006, real gross domestic product increased 2.0 percent. Personal consumption expenditures, exports, state and local government spending, and federal government spending led fourth quarter growth. Imports, which are a subtraction in calculating GDP, decreased. Real personal consumption expenditures increased 4.4 percent in the fourth quarter compared to an increase of 2.8 percent in the third quarter. Real residential fixed investment decreased 19.2 percent in the fourth quarter compared to a decrease of 18.7 percent in the third quarter. Real nonresidential fixed investment decreased 0.4 percent in the fourth quarter with a decline in equipment and software of 1.8 percent. Real federal government expenditures increased 4.5 percent in the fourth quarter, compared to a increase of 1.3 percent in the third quarter. Real state and local government spending increased 3.3 percent in the fourth quarter, compared to a 1.9 percent increase in the third quarter. Exports of goods and services increased 10.0 percent in the fourth quarter, compared to a 6.8 percent increase in the third quarter. Imports decreased 3.2 percent in the fourth quarter compared to an increase of 5.6 percent in the third quarter. Private inventory investment increased \$35.3 billion in the fourth quarter, down from a \$55.4 billion increase in the third quarter. Real final sales increased 4.2 percent in the fourth quarter compared to

an increase of 1.9 percent in the third quarter. On the inflation front, the **implicit price deflator** increased at a 1.5 percent annual rate in the fourth quarter, compared to a 1.9 percent increase observed in the third quarter.

U. S. retail prices, as measured by the Consumer Price Index (CPI-U), increased 0.2 percent in January, down from a 0.4 percent increase recorded in December. Energy decreased by 1.5 percent in January; compared to a 4.2 percent increase in December, while the all-items less food and energy component increased 0.3 percent. For the six months since July, the all-items index remained unchanged.

Compared to January 2006, the all-items index increased 2.1 percent. For major component groups, the unadjusted increases from one year ago were: food and beverages, 2.4 percent; housing, 3.0 percent; medical care, 4.3 percent; apparel, 0.9 percent; recreation, 1.0 percent; education and communication, 1.8 percent; and other goods and services, 3.5 percent; the unadjusted decreases were: transportation 0.8 percent, with gasoline prices down 2.7 percent

Selected Key Interest Rates

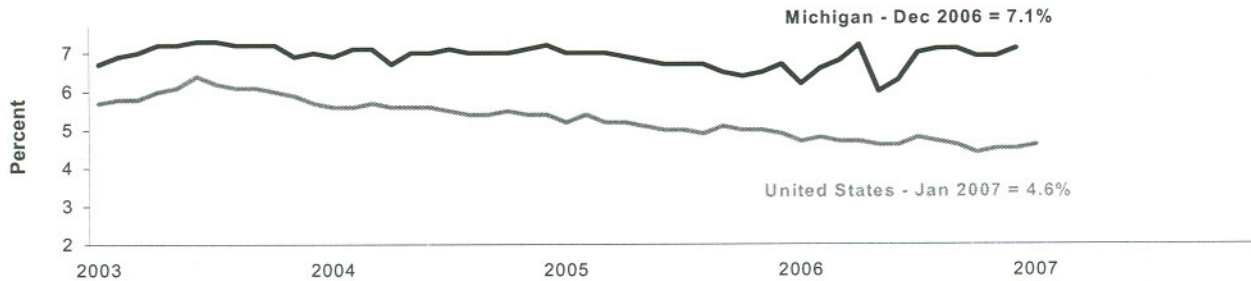


Source: Economic Indicators

Short-term **interest rates** increased 0.11 percentage points in January as the 3-month Treasury bill (T-bill) rate averaged 4.96 percent. Compared to one year ago, the T-bill rate is up 0.76 percentage points. Long-term interest rates, such as the Aaa corporate bond rate, increased 0.08 percentage points to an interest yield of 5.40 percent in January. Compared to one year ago, the Aaa bond yield is up 0.11 percentage points. The interest rate on High-grade municipal bonds increased 0.12 percentage points to 4.14 percent in January, and stands 0.02 percentage points below its year ago level. The Federal Open Market Committee (FOMC) kept the federal funds rate unchanged at its January 31st meeting at 5.25 percent. The FOMC stated that, "Readings on core inflation have improved modestly in recent months, and inflation pressures seem likely to moderate over time. However, the high level of resource utilization has the potential to sustain inflation pressures." The committee, "judges that some inflation risks remain. The extent and timing of any additional firming that may be needed to address these risks will depend on the evolution of the outlook for both inflation and economic growth, as implied by incoming information."

In January, the **U. S. unemployment rate** increased 0.1 percentage points from a month ago to 4.6 percent but was down 0.1 percentage points from one year ago. Civilian employment totaled 146.0 million persons in January, up 0.1 million from December. The number of unemployed was 7.0 million nationwide.

Unemployment Rates 2003 - 2007

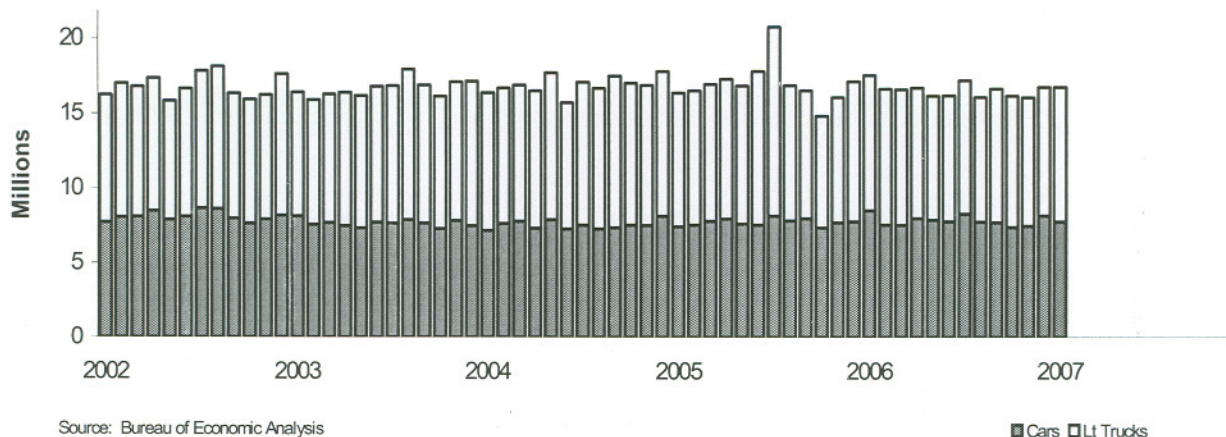


Source: Bureau of Labor Statistics and Michigan Department of Labor & Economic Growth, Employment Service Agency

Due to the annual benchmarking process, January data for Michigan is not currently available. In December, the **Michigan jobless rate** decreased 0.2 percentage points to 7.1 percent. Compared to a year ago, Michigan's jobless rate was 0.4 percentage points higher. From a month ago, the labor force increased by 42,000 to 5,122,000, while the number of people employed increased by 25,000 to 4,756,000. In December, there were 366,000 unemployed people. Monthly unemployment rates fluctuate due to statistical sampling errors.

Motor Vehicle Sector

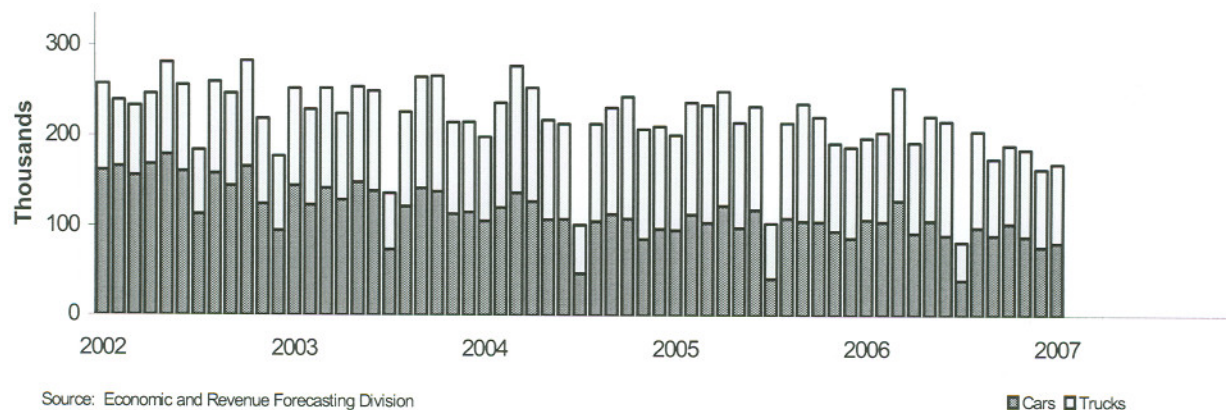
U. S. Light Vehicle Sales



U. S. light vehicle sales (cars + light trucks) remained unchanged in January compared to last month, selling at a 16.7 million unit seasonally adjusted annual rate. Domestic car sales decreased 6.0 percent while domestic light truck sales increased 4.5 percent. Import car sales decreased 3.0 percent while import light truck sales increased 5.0 percent. Compared to last year, light vehicle sales decreased 4.6 percent. Domestic car sales were down 17.4 percent while domestic light truck sales decreased 3.1 percent. Import car sales were up 16.8 percent while import truck sales rose 14.9 percent from last year. As a result, the domestic share decreased 4.2 percentage points from a year ago. For fiscal year 2007 year-to-date, domestic light vehicles have recorded a 76.4 percent share of a 16.4 million-unit market.

Michigan motor vehicle production increased to 168,022 units in January. From a year ago, motor vehicle production decreased 15 percent in Michigan and fell 8 percent nationally. In January, Michigan's car production was 80,647 units while the state's truck production was 87,375 units. Compared with a year ago, car production decreased 24 percent in Michigan and fell 7 percent nationwide. The state's truck production decreased 3 percent while national truck production fell 9 percent from a year ago. Michigan motor vehicle production data are not seasonally adjusted.

Michigan Motor Vehicle Production



Summary Estimates of the Constitutional Revenue Limit
Based on the January 18, 2007 Consensus Revenue Agreement
(Article IX, Section 26)
(in millions)

	Fiscal Year 2004-2005 Actual	Fiscal Year 2005-2006 Estimate	Fiscal Year 2006-2007 Estimate
Applicable Calendar Year Personal Income	\$314,460	\$324,134	\$331,304
Section 26 Base Ratio	9.49%	9.49%	9.49%
Revenue Limit	\$29,842.3	\$30,760.3	\$31,440.8
Revenue Limit	\$29,842.3	\$30,760.3	\$31,440.8
State Revenue Subject to Limit	\$25,626.8	\$25,941.7	\$26,205.4
Amount Under (Over) Limit	\$4,215.5	\$4,818.7	\$5,235.3

Sources:

Personal Income Estimate

The FY 2004-05 calculation uses the official personal income estimate for calendar year 2003 (Survey of Current Business, September 2004).

The FY 2005-06 calculation uses the official personal income estimate for calendar year 2004 (Survey of Current Business, October 2005).

The FY 2006-07 calculation uses the January 18, 2007 Consensus Revenue Agreement.

Revenue Subject to the Limit

The FY 2004-05 calculation uses the State of Michigan Statement of Revenue Subject to Constitutional Limitation - Legal Basis for the Fiscal Year Ended September 30, 2005.

The FY 2005-06 calculation uses the January 18, 2007 Consensus Revenue Agreement.

The FY 2006-07 calculation uses the January 18, 2007 Consensus Revenue Agreement.

Prepared By: Economic and Revenue Forecasting Division, Michigan Department of Treasury